

TRANSMITTAL SLIP		DATE 20 MAR 1964
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HONOLULU ADVERTISER (HI)
27 January 1984

Larger CIA-Rewald link revealed

By Walter Wright
Advertiser Staff Writer

The CIA, alarmed that Ronald Rewald's problems with the IRS a year ago might reveal confidential information, asked the IRS to temporarily halt its probe of Rewald's firm last spring, a reliable source said yesterday.

The agency checked into Rewald's operation, took steps to reduce the involvement of some CIA personnel associated with Rewald, then gave the IRS a green light again, the source said.

Months later, state officials subpoenaed records, a TV reporter queried company officials, Rewald attempted suicide, and his company shut down.

It is now in bankruptcy proceedings, with little hope of recovering much of the money on deposit. And Rewald is in prison facing theft charges and planning to sue the CIA for damages.

After Rewald's fall, the CIA returned to town and combed company records for classified information, six packages of which have been placed under federal court seal at the CIA's request.

The CIA angle continues to arouse nationwide attention.

Money magazine probed it last year, and now one of the world's top investigative reporters, Jonathan Kwitny, is in Honolulu digging into the Rewald case. Kwitny's exposes have appeared in The Wall Street Journal.

Rewald's CIA connection, discounted by a federal judge here as slight, is already known to have included a \$2,741 reimbursement in 1979-82 phone and telex expenses by Honolulu CIA station chief John Kindschi and his successor, Jack Rardin. Kindschi and members of his family also invested in Rewald's

loftily-named firm — Bishop, Baldwin, Rewald, Dillingham and Wong.

Now, a document reviewed by The Advertiser hints that at least one other CIA employee, said to have used a Rewald company as a cover, also had personal private dealings with the firm.

Kindschi and Rardin reimbursed by personal checks the regular monthly phone bills of Canadian Far East Trade Corp., based at 733 Bishop Street, which was also the quarters of Rewald's first operation in Hawaii, CMI Corp.

Documents from company files indicate that company officials also considered another Rewald-related firm, H & H Enterprises, to be a CIA cover.

Canadian Far East was set up by Rewald nominally for "investment counselling in trade and various matters," and "exporting and importing antiquities," according to public records.

An agent could pretend he worked for such a company while gathering intelligence information. He could give the company's address, phone number and telex address to unwitting persons, and use its facilities for communications.

Such use of Canadian Far East is suggested by another document reviewed by The Advertiser this week.

It is a copy of a letter apparently written by Rewald and his associate, Sunlin Wong, to CIA Station Chief Rardin in September 1980. The letter describes Canadian Far East as a cover that was terminated in the summer of 1980.

The letter indicated that in 1980 Rewald and Wong met at the Peninsula Hotel in Hong Kong with a person assigned to the "American Consultant (sic) General" there.

The consular official "indicated that he was out of town at the time our Canadian Far East

Trade Corp. cover was terminated this summer and deeply regretted that it was not continued on at that time," the letter said.

The context suggests that Rewald believed, or at least wanted others to believe, that the consular official was actually a CIA agent.

The letter went on to say the consular official was "very familiar with our company and excited about the prospects of possibly using (it) for various cover operations in the near future; in addition to the possibility of exploring contacts we have in various other regions."

The letter reported to Rardin that Rewald thought the consular official's main objective was in making contacts with persons associated with the Communists in Hong Kong.

But the letter suggested ways in which Rewald's firm could be used to enhance the cover of intelligence agents. The letter said the official also discussed with Rewald his company's ability to handle phone, teletype and correspondence facilities.

And, the letter said, there was discussion of having Rewald help by listing the names of some of the consular official's "people" in various trade publications, to increase their credibility.

Records also indicate that in September 1982, Rewald authorized expenditure of \$2,000 to assist former Green Beret James "Bo" Gritz in his effort to find and recover Americans missing in action in Southeast Asia.

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Rewald gag order on CIA to be challenged by ACLU

By Ken Kobayashi
Advertiser Courts Writer

The Hawaii chapter of the American Civil Liberties Union is challenging a federal judge's order prohibiting embattled businessman Ronald Rewald and others from discussing matters relating to the Central Intelligence Agency.

The ACLU is asking permission to join in Rewald's federal cases to contest federal Judge Martin Pence's ruling last September.

According to volunteer ACLU attorney David Turk, Pence's order prohibits Rewald or any person connected with the case from discussing anything concerning the CIA, even if the information was obtained

through media reports or unclassified documents.

"We feel that's an unfair restraint under the First Amendment," Turk said.

Turk also said Pence's order may affect Rewald's defense against criminal theft charges in state courts.

Turk said the ACLU was asked to join the case by attorney William Harrison in behalf of Rewald.

Pence scheduled a hearing on Turk's request for March 13.

Rewald was released Monday from state prison on \$140,000 bond on theft counts accusing him of stealing money from two investors of his bankrupt company, Bishop, Baldwin, Rewald, Dillingham and Wong.